

Message Text

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ACTION EB-06

INFO OCT-01 ARA-10 EUR-12 ISO-00 AGR-10 SP-02 AID-05

NSC-05 RSC-01 CIEP-02 TRSE-00 SS-15 STR-04 OMB-01

CEA-01 COME-00 IGA-01 IO-10 PA-02 PRS-01 USIA-15 L-02

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FM AMEMBASSY BOGOTA

TO SECSTATE WASHDC PRIORITY 5654

INFO AMEMBASSY CARACAS PRIORITY

AMEMBASSY GUATEMALA

AMEMBASSY BRASILIA

AMEMBASSY MANAGUA

AMEMBASSY MEXICO

AMEMBASSY SAN JOSE

AMEMBASSY SAN SALVADOR

AMEMBASSY TEGUCIGALPA

AMEMBASSY LONDON

UNCLAS BOGOTA 9940

EO 11652: NA

TAGS: ETRD EAGR CO VE

SUBJ: COFFEE - VENEZUELAN FINANCING OF CENTRAL AMERICAN STOCKPILES

REF: STATE 244737

1. IN SPEECH INAUGURATING ANNUAL COFFEE GROWERS CONGRESS NOV 4, PRES LOPEZ MICHELSEN ANNOUNCED MID-NOVEMBER MEETING IN CARACAS OF BRAZIL, COLOMBIA, MEXICO AND VENEZUELA. PURPOSE OF MEETING WILL BE "TO GIVE THE NECESSARY ECONOMIC SUPPORT TO THE CENTRAL AMERICAN COUNTRIES, IN ORDER THAT THEY CAN COMPLY WITH THEIR COFFEE RETENTION COMMITMENTS UNTIL THE MONTH OF MARCH." CREDITS FROM VENEZUELAN INVESTMENTS FUND, HE SAID, WILL AT LEAST ALLOW CENTRAL AMERICANS TO ORGANIZE THEIR MARKETING SYSTEMATICALLY, LEAVING BRAZIL, COLOMBIA AND MEXICO TO HANDLE THEIR OWN STOCKS
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WITHOUT HAVING TO ASSIST CENTRAL AMERICANS.

2. PRES LOPEZ BEGAN BY SAYING THAT, "TAKING INTO ACCOUNT THE INITIATIVE OF CARLOS ANDRES PEREZ, WE BEGAN TO STUDY THE POSSIBILITY OF PROVIDING A FOUNDATION WITH FINANCIAL RESOURCES ADEQUATE FOR THE NECESSITIES OF THE MARKET SO THAT THE PRODUCING COUNTRIES WOULD BE ABLE TO PUT INTO EXECUTION WITH COMPLETE SOLVENCY THE RETENTION COMMITMENT AGREED TO IN LONDON, WITH A POLICY OF COORDINATED LATIN AMERICAN ACTION, TO WHICH THE SISTER REPUBLIC (IE, VENEZUELA) WOULD LEND HER ASSISTANCE." FORTHCOMING CARACAS MEETING PARTLY AN OUTGROWTH, ACCORDING TO LOPEZ, OF MEXICO'S PROPOSED CHARTER OF ECONOMIC RIGHTS FOR LDC'S AND VENEZUELA'S OFFER TO SHARE ITS PETROLEUM-BASED PROSPERITY WITH FUEL-SHORT LATIN AMERICAN COUNTRIES. HE EMPHASIZED THAT THIS WILL BE SIGNIFICANT EXAMPLE OF LATIN AMERICAN AND COLOMBIAN-VENZUELAN COLLABORATION. OBJECTIVE WILL NOT BE, HE SAID, TO CAUSE ARTIFICIAL PRICE RISE BUT MERELY TO OBTAIN PRICE STABILITY AT REMUNERATIVE LEVEL. ULTIMATE OBJECTIVE IS NEW COFFEE AGREEMENT, AND HE CRITICIZED US FOR FAILING TO ADOPT MORE RECEPTIVE AND CONSTRUCTIVE ATTITUDE TOWARD A NEW AGREEMENT.

3. COMMENT: WITH IMPORTANT COFFEE FIGURES TIED UP AT COFFEE CONGRESS ALL WEEK, HAS BEEN DIFFICULT TO GET ANY DETAILS ON VENEZUELAN FINANCING BEYOND TEXT OF PRESIDENT'S SPEECH. RELEVANT PORTIONS OF THAT SPEECH PHRASED IN MANNER MAKING IT HARD TO DISCERN EXACTLY HOW CUT AND DRIED FINANCING SCHEME IS. FOR INSTANCE, IT IS NOT CLEAR TO US HOW FIRMLY COMMITTED VENEZUELA IS TO PROJECT. NOR DO WE UNDERSTAND WHY PROPOSAL ONLY GOES UP TO MONTH OF MARCH. RE LOPEZ' REFERENCE TO VENEZUELAN INITIATIVE, ONLY INITIATIVE WE KNOW OF IS BROAD ONE OF ASSISTING FUEL SHORT LATINS, WITHOUT ANY SPECIFIC MENTION OF COFFEE. LOPEZ COUCHED HIS COMMENTS IN TERMS OF WHAT GOC, RATHER THAN NATIONAL COFFEE FEDERATION, IS ACCOMPLISHING, WHICH IS CONSISTENT WITH HIS EARLIER STATEMENTS THAT THIS GOVERNMENT WILL GET MORE INVOLVED IN COFFEE POLICY THAN ITS PREDECESSORS.

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